

Message Text

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PAGE 01 PARIS 05995 080046Z

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ACTION EUR-12

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E.O. 11652; N/A

TAGS: EFIN, FR

SUBJECT: DIMMER PROSPECTS FOR FRENCH ECONOMY

1. DURING LUNCHEON MARCH 6 FOR CHAIRMAN GREENSPAN, JEAN SERISE, PRESIDENT Giscard's PRINCIPAL ECONOMIC ADVISER, PAINTED GLOOMIEST PICTURE YET UNROLLED OF FRENCH ECONOMY THIS YEAR. IN ABSENCE STIMULATIVE MEASURES, HE SAID, REAL GROWTH RATE WOULD REACH ONLY 2 PERCENT THIS YEAR (AS OPPOSED TO 4.2 PERCENT PREDICTED LAST SEPTEMBER, AND 3 PERCENT FIGURE RECENTLY USED BY PRESIDENT). ALTHOUGH AN ANNUAL RATE OF 3-4 PERCENT WOULD BE REACHED BY END OF YEAR AND CONTINUE IN 1976, THIS WOULD BE INSUFFICIENT TO RESTORE FULL EMPLOYMENT IN FACE OF EVER-GROWING LABOR FORCE. DOWNWARD REVISION TO 2 PERCENT NECESSARY, HE SAID, AS FRANCE'S PREVIOUS ESTIMATES OF WORLD GROWTH, ON TRADE WEIGHTED BASIS, HAD PROVED FAR TOO HIGH (AT 3-5 PERCENT).

2. SERISE NOTED THAT HIS FELLOW ELYSEE ADVISER

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STOLERU (NO MENTION MADE OF FINANCE MINISTER) HAD

PLANS FOR RESTIMULATING ECONOMY ALREADY PREPARED.
PROBLEM, HOWEVER, WAS THAT GOF SAW INFLATIONARY
PRESSURES STILL PRESENT, AND FEARED STIMULATION
COULD GIVE NEW IMPETUS TO PRICE INCREASES. FRANCE IN A
DILEMMA, SERISE CONCLUDED.

3. ONE NEW ASPECT OF POSSIBLE RESTIMULATION POLICY WAS
PROVIDED BY PRIME MINISTER CHIRAC IN AN INTERVIEW WITH
LABOR LEADER (FORCE OUVRIERE) ANDRE BERGERON.
GEOGRAPHIC AREAS AS WELL AS INDUSTRIAL BRANCHES MIGHT
RECEIVE AID IN FUTURE, CHIRAC SAID.

RUSH

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